

AN ACT relating to the allocation of severance tax revenues to local governments.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

□ Section 1. KRS 42.450 is amended to read as follows:

- (1) There is hereby established in the State Treasury a fund entitled "Local Government Economic Assistance Fund." The fund may receive state appropriations, gifts, grants, and federal funds and shall be disbursed by the State Treasurer upon the warrant of the secretary of the Finance and Administration Cabinet. Any unallotted or unencumbered balances in the fund shall be invested pursuant to KRS 42.500 and the income earned from the investment shall be prorated for expenditure in coal producing and coal impact counties according to each county's allocable part in the fund.
- (2) ~~[Effective July 1, 1981,]~~An amount equal to the applicable percentage~~[one-half (1/2)]~~ of the severance and processing taxes on~~[tax collected annually on the sale of]~~ minerals, exclusive of coal, collected annually shall be transferred from the general fund into this fund, as follows:
 - (a) For fiscal years beginning before July 1, 2018, fifty percent (50%) of the taxes collected;
 - (b) For the fiscal year beginning on July 1, 2018, sixty percent (60%) of the taxes collected;
 - (c) For the fiscal year beginning on July 1, 2019, seventy percent (70%) of the taxes collected;
 - (d) For the fiscal year beginning on July 1, 2020, eighty percent (80%) of the taxes collected;
 - (e) For the fiscal year beginning on July 1, 2021, ninety percent (90%) of the taxes collected; and
 - (f) For fiscal years beginning on or after July 1, 2022, one hundred percent (100%) of the taxes collected.

The transfers shall be made quarterly, based upon the revenue estimates prevailing at the time each quarterly transfer is due, except that the last quarterly transfer shall be made after the close of the fiscal year accounting records, and shall be adjusted to provide the balance of the annual transfer required by this subsection.

- (3) ~~[Effective October 1, 2010,]~~The quarterly transfer of funds required by subsection (2) of this section shall be made only after the quarterly installment of the annual amount from the prior calendar year allowed as an incentive to an approved company under KRS 143A.025 and 154.27-060 has been made.

□ Section 2. KRS 42.4582 is amended to read as follows:

- (1) There is hereby established in the State Treasury a fund entitled "Local Government Economic Development Fund." The fund may receive state appropriations, gifts, grants, and federal funds and shall be disbursed by the State Treasurer upon the warrant of the secretary of the Finance and Administration Cabinet. Any unallotted or unencumbered balances in the fund shall be invested as provided for in KRS 42.500(9). Income earned from the investments shall be prorated for grants to counties according to the allotment schedule set out in KRS 42.4592.
- (2) (a) Moneys shall be transferred from the general fund into this fund in an amount equal to the applicable percentage ~~[fifty percent (50%)]~~ of the severance and processing taxes on coal collected annually, as follows:
1. For fiscal years beginning before July 1, 2018, fifty percent (50%) of the taxes collected;
 2. For the fiscal year beginning on July 1, 2018, sixty percent (60%) of the taxes collected;
 3. For the fiscal year beginning on July 1, 2019, seventy percent (70%) of the taxes collected;
 4. For the fiscal year beginning on July 1, 2020, eighty percent (80%) of the taxes collected;

5. For the fiscal year beginning on July 1, 2021, ninety percent (90%) of the taxes collected; and

6. For fiscal years beginning on or after July 1, 2022, one hundred percent (100%) of the taxes collected~~unless otherwise amended by the budget bill~~.

- (b) The transfers shall be made quarterly, based upon the revenue estimates prevailing at the time each quarterly transfer is due. Each quarterly transfer shall be adjusted to account for refunds by determining the total amount of refunds paid in the prior fiscal year, dividing that amount by four (4), and reducing each transfer by this amount. The last quarterly transfer shall be made after the close of the fiscal year accounting records, and shall be adjusted to provide the balance of the annual transfer required by this subsection.
- (c) The quarterly calculation and transfer of funds pursuant to this section shall be made only after distribution of the quarterly installment of the annual amount from the prior calendar year allowed as an incentive to an approved company under KRS 143.024 and 154.27-060.

□ Section 3. KRS 42.4585 is amended to read as follows:

- (1) A portion of each quarterly transfer of moneys provided for in KRS 42.4582 shall be transferred from the local government economic development fund into the local government economic assistance fund, in amounts equal to the applicable percentage of severance and processing taxes on coal collected annually, as follows:

(a) For fiscal years beginning before July 1, 2018, fifteen percent (15%) of the taxes collected;

(b) For the fiscal year beginning on July 1, 2018, twenty percent (20%) of the taxes collected;

(c) For the fiscal year beginning on July 1, 2019, twenty-five percent (25%) of the taxes collected;

(d) For the fiscal year beginning on July 1, 2020, thirty percent (30%) of the taxes collected;

(e) For the fiscal year beginning on July 1, 2021, thirty-five percent (35%) of the taxes collected; and

(f) For fiscal years beginning on or after July 1, 2022, forty percent (40%) of the taxes collected.

~~(2) The amount transferred annually from the local government economic development fund into the local government economic assistance fund under the provisions of subsection (1) of this section shall be not less than an amount equal to fifteen percent (15%) of the severance and processing taxes on coal collected annually.~~

~~(3) The quarterly calculation and transfer of funds pursuant to subsections (1) and (2) of this section shall be made only after distribution of the quarterly installment of the annual amount from the prior calendar year allowed as an incentive to an approved company under KRS 143.024 and 154.27-060.~~